

Working for New Zealand

www.poal.co.nz

04:30
Friday 6 August 2010



Auckland's port Friday 6 August 2010

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06:34 – 06:35 —
Friday 6 August 2010



**Every day and night,
trade flows through
our facilities.**

**The equivalent of around
13% of New Zealand's gross
domestic product is
handled here every year on
its way to or from countries
around the world. To get
a sense of the scale and
diversity of our operations,
watch what happened on
this one day.**

Highlights

1 ———
\$24.5 billion
 worth of trade is handled at the Port

2 ———
 Connected to 176 international ports
 in 69 countries

3 ———
37%
 of New Zealand's total container trade by volume
 comes through the Auckland seaport

A

**Christophe Clevenot
 Marine Pilot**

Chris has been a Marine Pilot at the Port for five years now. He enjoys being able to work on the water and “drive” massive ships. Today he is boarding a container vessel one to two nautical miles north of the Rangitoto Beacon to bring her safely into Port.

07:56 ———
 Friday 6 August 2010



Trade never stops

Auckland's port has been contributing to the national and regional economy since 1840.

While the Company was formed in 1988, its predecessor, the Auckland Harbour Board, was established in 1871 to provide and run port facilities for sailing ships serving Auckland and its fast-growing settlements.

As well as building wharves, the Board undertook major land reclamations, progressively over decades, extending Auckland's original foreshore from what is now Fort Street across a wide area stretching from Parnell to St Mary's Bay.

Today, Ports of Auckland Limited is 100% owned by Auckland Regional Holdings (ARH), an investment management organisation controlled by the Auckland Regional Council (ARC). We occupy nearly 76 hectares of mainly reclaimed land on the Auckland waterfront adjacent to the Central Business District, motorways and railways. We are tasked with sustainably managing a successful port. Having a working port in a major city is a big responsibility.

As New Zealand's leading port company, Ports of Auckland plays a vital role in servicing New Zealand's supply chain links with the rest of the world. Handling more than 30% of New Zealand's total trade by value, Ports of Auckland is the country's main gateway for international trade, connecting to 176 international ports in 69 countries.

In addition to the assets at the Auckland seaport, we also own and operate:

- The regional Port of Onehunga, which serves mainly coastal ships using the Manukau Harbour.
- 70% of CONLINXX Limited, a logistics company that manages the Wiri Freight Hub in South Auckland.
- 19.9% of Northland Port Corporation (NZ) Limited, which operates the Port at Whangarei and part-owns the Marsden Point deepwater port.
- 50% of North Tugz Limited, which provides towage and pilotage services on the Whangarei Harbour and at Marsden Point.

- 27.5% of United Containers Limited, New Zealand's largest container depot operator.
- 50% of Seafuels Limited, a bunkering service operated by Greenstone Energy in partnership with Pacific Basin Shipping of Hong Kong.

We provide:

- Direct employment of 573 full-time equivalent (FTE) staff.
- A 24-hour, year-round operation.
- Two Container Terminals.
- Integrated services to all types of shipping lines.
- World-leading IT technology that enables cargo owners to access a variety of data, including tracking services.
- Bulk and breakbulk cargo handling through our six Multi Cargo Wharves.
- Rail and truck transport links.
- A cargo consolidation and container packing and unpacking service for both importers and exporters.

- Towage services on both the Waitemata and Manukau harbours, and pilot services on the Waitemata Harbour.

Ports of Auckland is a vital contributor to the regional and national economy, handling more than \$24.5 billion of New Zealand's international trade, almost twice as much as any other port.

In addition, we provide significant funding for the Auckland region to undertake major public infrastructure improvements, via dividends paid to our shareholder.

Although New Zealand has 13 ports – 10 equipped for containers – Auckland is the most important to the nation's economy handling 37% of New Zealand's total sea trade by value. The Port is also a vital link for many manufacturers. In addition, New Zealand's tourism industry benefits from cruise ship visits, with each liner visit generating an average economic benefit of more than \$1 million.

08:45 ———
Friday 6 August 2010



Valuing what we do

**To be
the best
port company
in Australasia
with world
class
performance.**

1.1.2 —
Values

Our values are the foundation for everything we do. The five core values underpin the Company's strategy to achieve our vision.

We:

1 —

Deliver Results

2 —

Do Things Better

3 —

Do What We Say

4 —

**Respect
& Care
for Each Other**

5 —

Work Together

1.2 —
Structure

A —
Jens Madsen
Managing Director

B —
Ben Crystall
Port Infrastructure

B —
Wayne Mills
Multi Cargo
& Marine

B —
Grant Jorey
Operations
– Container
Terminals

B —
Craig Sain
Sales, Marketing
& Logistics

B —
Wayne Thompson
Chief Financial
Officer

B —
Jon Baxter
Group Human
Resources

B —
Jim Harknett
Chief Risk Officer

C —
Pieter Bakker
Group IT

New Zealand's leading Port

Ports of Auckland made good progress through the year on its path to achieve its vision of being the best port company in Australasia with world class performance.

I am pleased on behalf of the Board, to report a net profit after tax (NPAT) of \$37.2 million* (compared to \$5.4 million in 2008/09). Normalised earnings** were up 54.4% to \$24.4 million, which represents a return on closing shareholders' equity of 6.1% (2008/09: 4.6%).

Ports of Auckland declared a final dividend of \$7.197 million payable to its shareholder Auckland Regional Holdings (ARH). This follows an interim dividend of \$9.913 million paid earlier in the year (total \$17.11 million). Over the past five years, Ports of Auckland has provided net returns of \$436 million to ARH through dividends and in-specie distributions.

Total revenue was up by 1.2% to \$165.7 million. Close management of costs, which were down by 3.1% to \$113.8 million, and increased container volumes, vehicle and other breakbulk through the port contributed to the improved financial result.

Overall container volumes reached a new high of 867,368 TEU (20-foot equivalent units), up by nearly 3%, while full import container volumes were up by 4.2%.

Vehicle imports as measured in units increased by 17.4% to 129,811, while breakbulk volumes followed a similar pattern, improving 6.7% to over 2.8 million tonnes.

Earnings before interest, taxes, depreciation and amortization (EBITDA) was up by 6.4% to \$72.0 million and earnings before interest and taxes (EBIT) was up by 11.9% to \$51.9 million.

Interest payments decreased by \$5.5 million for the year, reflecting a restructure of the balance sheet that included a capital injection from our shareholder and the impact of a gain realised from the sale of Queens Wharf to the Crown and ARC.

Net debt levels were down 25.9% to \$258 million.

Capital expenditure was down at \$9.1 million (2008/09: \$21.0 million), representing a prudent approach following strong investment in plant, machinery dredging and land reclamation since 2003.

This 2009/10 result reflects a pleasing performance across the business. It needs to be viewed in the context of the operating environment that has been, and remains, challenging.

Ports of Auckland has consolidated its position as New Zealand's leading port by value of trade handled, and the country's largest container port by volume. It continues to grow as New Zealand's leading import port and maintains its strategic focus on being a key partner to import and export industries and the cruise industry – working hard for the success of the greater Auckland region and New Zealand.

In that regard, I wish to acknowledge the contribution and support from my fellow Board members and the executive team, as well as that of all Ports of Auckland employees.

I retire at the end of September after 14 years as a Director of the Company in the knowledge that Ports of Auckland is well placed to meet the challenges ahead.

On behalf of the Board,



John Lindsay
Chairman

* for the year ended 30 June 2010.

** exclude asset fair-value and impairment adjustments, the sale of Queens Wharf and tax charges due to the 2010 Budget.

09:22 ———
Friday 6 August 2010



Returning to growth

Ports of Auckland's values were fully tested through the economic downturn that followed the global financial crisis.

Now that signs of a return to growth are emerging, we are a stronger, leaner, more effective Port, working hard for the future of the Auckland region, and for New Zealand.

The challenges have not been insignificant, as the Port has faced a combination of intense competition, much higher variability in container volumes through a trend towards larger ships making fewer calls, vessels arriving off schedule, and volumes being higher than initially anticipated as a result of shipping service gains in our favour.

These challenges during the financial year exerted considerable pressure on the Port operationally, particularly on our ability to match peak demand with the service levels to which we aspire. Considerable effort has been, and continues to be, expended to address these trends.

A major operational highlight has been a strengthening of our container volume market share. In an upper North Island market that was overall subdued (down by 0.9%), Ports of Auckland's 2.8% growth boosted its market share to 63% (2008/09: 61%).

Also pleasing was a lift in trans-shipment volumes, up by 4.1% for the financial year, showing growth in Ports of Auckland's role as a hub, while the volume of containers transported by rail was up by 31% (13.4% of overall volumes).

In terms of our strategic priority of 'profitable growth', we completed the consolidation of Fergusson and Bledisloe container terminal operations, gaining significant efficiencies in the process. In the year to 30 June 2010, Staff Hours per Container was down by 9.1%.

Unfortunately average crane rates were down by 3.2% as a result of strong demand, placing pressure on labour capacity during peak periods.

Although the number of cruise ship visits to Auckland slipped to 62 (2008/09: 69), forward bookings for the coming year are stronger, at 80.

The Health and Safety of our employees will always be a primary focus at Ports of Auckland. While we continue to strive for zero lost-time injuries (LTIs), it is pleasing that we achieved a significant reduction – down to 7 (2008/09: 20). Ports of Auckland is well positioned, with a clear direction and focus on both our employees and our customers.

Our berth deepening and dredging programme, as well as the significant investment in leading plant and machinery since 2003, means we are ready for the next generation of larger vessels.

We are investing in new technology to lift the quality of our interactions with our customers and to support our people. The first phase of a new Terminal Management System, for example, will be rolled-out in the second half of this coming year providing great opportunities for efficiency gains. All the while, Ports of Auckland continues to build on its important relationships in the community. I invite you to learn about these and other initiatives, which are outlined in more detail in this report.

On behalf of the management team and employees,



Jens Madsen
Managing Director

10:12 ———
Friday 6 August 2010



2.2 Operational Review

1 ———
17.4% increase in vehicle volumes

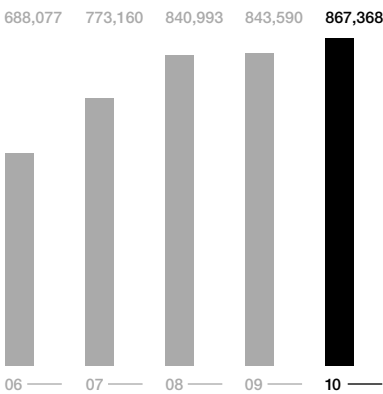
2 ———
9.1% decrease in staff hours per container

3 ———
5.3% increase in container volumes at Onehunga

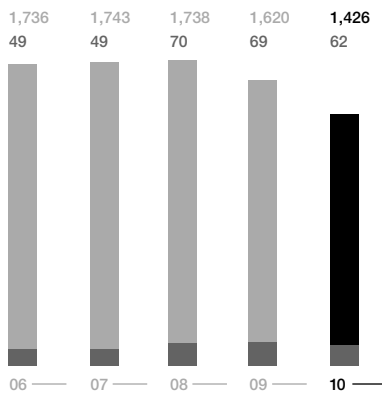
4 ———
48.5% increase in container volumes at the Wiri Freight Hub

Note — Operational performance is for the Waitemata seaport, Onehunga seaport and the Wiri Freight Hub.

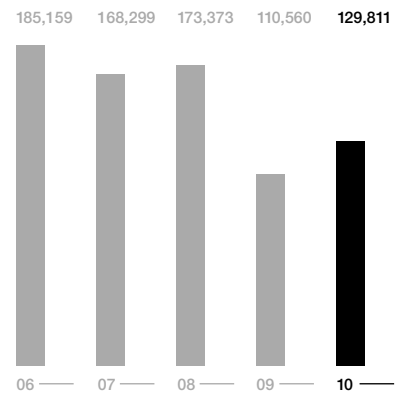
5 ———
Container Throughput (TEU)



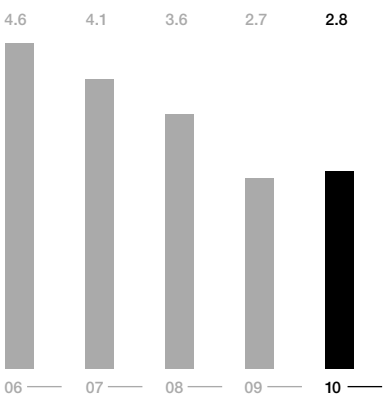
6 ———
Ship Calls



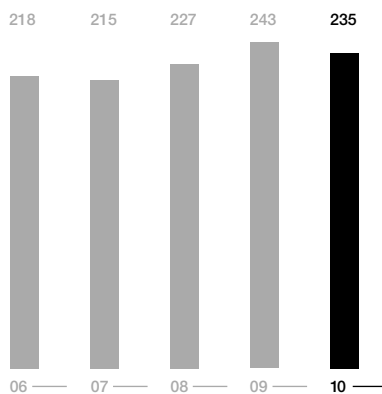
7 ———
Vehicles (units)



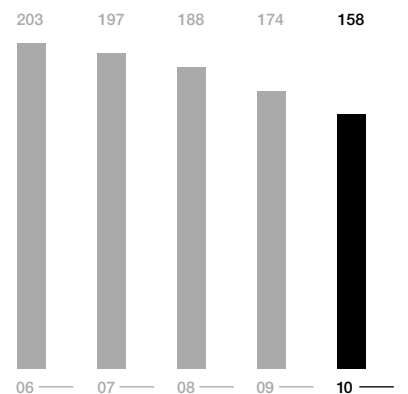
8 ———
Bulk and Breakbulk Cargo* (million tonnes)



9 ———
Crane Rate (Index: year 2000 = 200)



10 ———
Staff hours per Container (Index: year 2000 = 200)

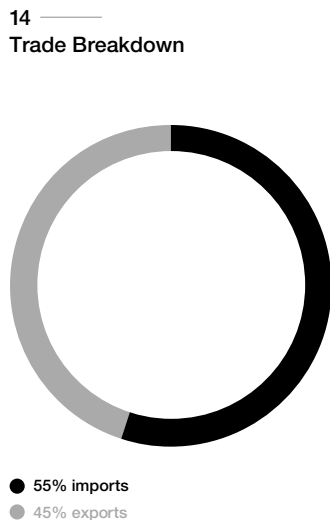
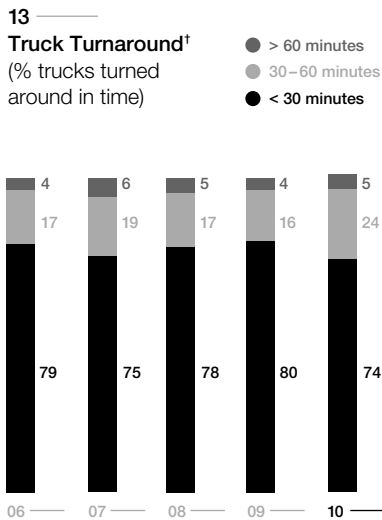


11 ———
867,368

TEU (20-foot equivalent unit)

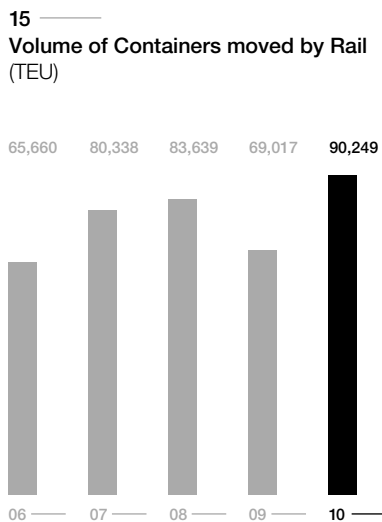
12 ———
129,811

vehicle units



* Graph shows all bulk and breakbulk cargo as previously reported and including Wynyard Wharf volumes for the years 2006 to 2007. Wynyard Wharf volume is not included from 2008, following the transfer of the Western Reclamation property holding to Auckland Regional Holdings as of 1 April 2007.

† To provide information that is more easily comparable with targets set in conjunction with trucking companies, we have changed the truck turnaround time graph to depict the number of trucks turned in 30, 30-60 & over 60 mins. The target is to turn 80% of trucks within 30 mins.



2.3 —
Financial review

1 —
0.7%

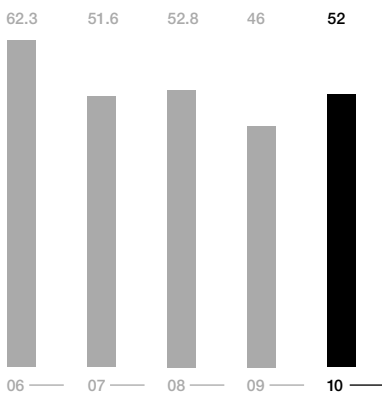
Ports Operations revenue up

2 —
\$24.4m

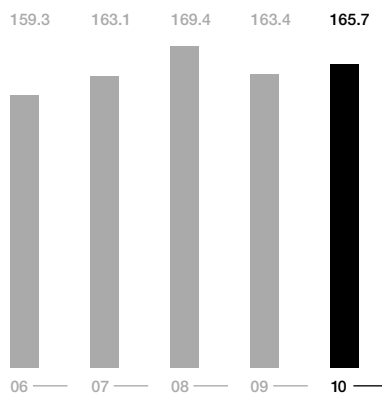
normalised earnings

Note — Financial review includes the Waitemata seaport, Onehunga seaport and the Wiri Freight Hub.

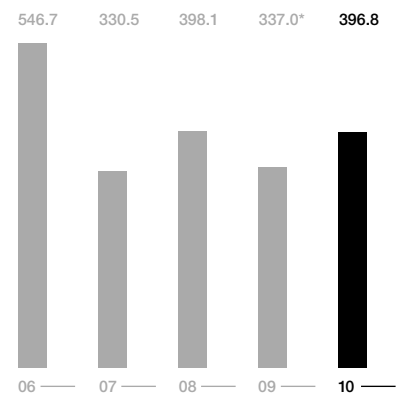
5 —
Port Operations EBIT
 \$million



6 —
Port Operations Revenue
 \$million

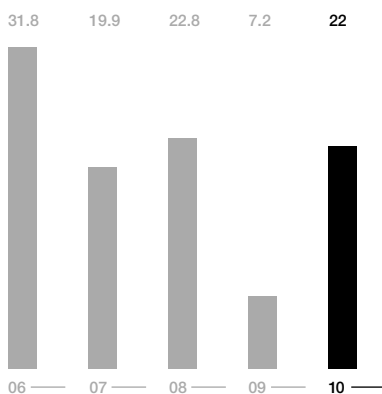


7 —
Shareholder's Equity
 \$million

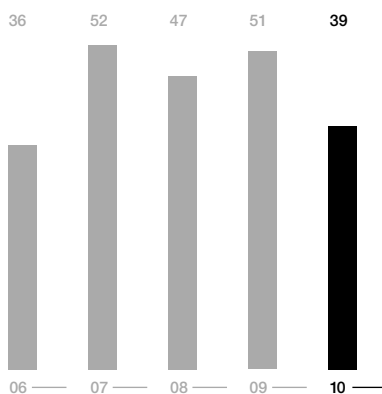


* Shareholder's Equity was impacted by asset revaluation changes in 2009 of \$59.4m.

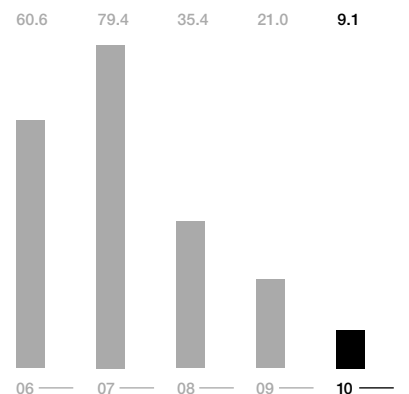
8 —
Ordinary Dividends Paid for the Year
 \$million



9 —
Interest-Bearing Debt to Debt + Equity
 %



10 —
Capital Expenditure
 \$million



11 —

6.4%

increase in EBITDA

B

**Thomas Greetham
Apprentice, Engineering**

Thomas is an apprentice mechanic and is in the third year of his apprenticeship at the Port. He hopes to complete his apprenticeship and become a fully qualified NZQA tradesman in 2011. Thomas enjoys working with the state-of-the-art machines we have at the Port. Today, Thomas is servicing one of the Ports' diesel-electric straddle carriers.

12 —

\$37.2m

Group NPAT

11:37 —

Friday 6 August 2010



Closer to our customers

3.0
Closer to our customers

Operations at the Wiri Freight Hub reached another milestone this year with the opening of the new rail exchange connecting Ports of Auckland's Freight Hub at Wiri and the Waitemata seaport. The rail link, which was formally opened in March, was a realisation of a long-held ambition.

In conjunction with NZL Group, Ports of Auckland established CONLINXX, a new subsidiary company, to operate the Wiri Freight Hub. CONLINXX commenced operations on 1 February and has already seen an increase in market uptake attributed to the Wiri rail service.

The Freight Hub brings the seaport right to the doorstep of businesses in South Auckland. Containers are moved to and from the seaport in a dual-mode transport shuttle operating at night and combining the best use of both road and rail for maximum efficiency and cost effectiveness. There is the potential to save up to 2.5 million truck kilometres per year.

Trains run four times a week, consisting of 23 wagons with a capacity for 46 TEUs (20-foot equivalent unit) in each direction. Rail volumes have increased by 31% in 2009/10.

The increased use of rail is essential to the achievement of our Vision. Ports of Auckland sees rail driving further efficiencies in the supply chain and aims to increase the proportion of cargo carried by rail to 30% within a few years (2009/10:13.4%).

“Viterra provides premium quality ingredients to leading global food manufacturers. Our proximity to the Wiri Freight Hub has therefore created storage, transport and resource synergies. It has enabled our increased container programme to run smoothly whilst also ensuring we are dealing with all service providers and government regulated companies in a timely and effective manner. It also reduces our carbon footprint.”

— Mark Murphy, Viterra (NZ) Limited

“We enjoy excellent service levels and flexibility from the CONLINXX team. Both our Refrigeration factory and our Auckland Finished Goods Warehouse benefit from the reduced turnaround on containers due the elimination of the need to get them into or out of Auckland City during the day.”

— Richard Driver, Fisher & Paykel

Container volumes at the Wiri Freight Hub have also increased by 48.5%. This result is particularly pleasing since it signifies a positive uptake of the services provided at the Freight Hub.

From an environmental and community perspective, there are significant benefits of having the Freight Hub in Wiri. Many of our customers are based within 10 kilometres of the hub. By using the rail link to the seaport it is estimated that this group of customers will be able to reduce the carbon emissions of transporting their containers by up to 40%, and on average by 25%.

For the community this means reduced road congestion, with the rail link forecast to eventually save as many as 100,000 central city truck trips per annum when functioning to capacity.

C

**Gary Boyce
Rail operator**

Gary has been a stevedore at Ports of Auckland for 13 years now. He works in the Ports’ Rail division that services freight trains arriving from and departing to the Wiri Freight Hub. The Rail division services four trains every day. Today, he is loading containers to be transported to importers in South Auckland.

12:18 —
Friday 6 August 2010



Board of Directors

1

Andrew Bonner
Director (Non-Executive)

2

Peter Hubscher
Director (Non-Executive)

3

Graeme Hawkins
Director (Non-Executive)

4

Jens Madsen
Managing Director (Executive)

5

John Lindsay
Chairman (Non-Executive)

6

Peter Dunlop
Director (Non-Executive)

7

Emmet Hobbs
Director (Non-Executive)

3.0

For more information on
our Board, please visit
[www.poal.co.nz/about us/
board of directors.htm](http://www.poal.co.nz/about us/board of directors.htm)

13:26

Friday 6 August 2010



4.1 ———

Our Executive Team

1 ———

Wayne Thompson
Chief Financial Officer

2 ———

Jim Harknett
Chief Risk Officer

3 ———

Ben Chrystall
General Manager Port Infrastructure

4 ———

Pieter Bakker
General Manager Information Technology

5 ———

Jens Madsen
Managing Director

6 ———

Jon Baxter
Group Manager Human Resources

7 ———

Wayne Mills
General Manager, Multi Cargo & Marine

8 ———

Craig Sain
General Manager Sales, Marketing
& Logistics

9 ———

Grant Jorey
General Manager, Operations
– Container Terminals

3.1 ———

For more information about our executive team, please see pages 20-25 in this report.

14:10 ———

Friday 6 August 2010



1

2

3

4

5

6

7

8

9

Leading the way

4.2.1 —

Jens Madsen



Managing Director

Jens joined Ports of Auckland as Chief Operating Officer in early 2006, was appointed Chief Executive-designate in April 2007 and then Managing Director in September 2007. He joined the Company from A.P. Moller-Maersk where his international career spanned 28 years. His work at A.P. Moller-Maersk included a four-year posting in New Zealand as Managing Director of Maersk when it opened its New Zealand office in 1996. He has supplemented his education in shipping with executive and management training at, among others, the London Business School and Columbia University.

Jens enjoys football, spending time with his family and running.

Overall organisational goals:

- Best People: develop excellent leadership and highly engaged staff.
- Devoted Customers: provide customers with unrivalled value.
- Cost Leadership: continuously and dramatically improve costs relative to volume.
- Profitable Growth: grow our business in a profitable manner.
- Respected Company: be a respected and admired company, appropriately recognising the interests of all stakeholders.

4.2.2 —

Wayne Thompson



Chief Financial Officer

Wayne joined Ports of Auckland as Chief Financial Officer (CFO) in January 2004. As CFO, Wayne brings strong commercial and financial analysis and focus to existing activities, development opportunities and initiatives. He is responsible for the Finance, Information Technology and Corporate Affairs divisions and the Company Secretariat, areas in which he gained management experience as CFO at Owens Group Limited, a publicly listed freight and logistics company. Prior to that, Wayne spent 13 years with the Comalco Group, based in New Zealand and Australia.

Wayne loves his Ford V8 – which gets lots of comments on account of its lime-green colour – his new house and spending time with family and friends.

Outlook 2010/2011:

- Continuing process efficiency to reduce cost and improve service.
- Further enhancement in analytical support to the business.
- A requirement to continue to improve the Company's financial returns.
- A new external environment following the Auckland Council reorganisation.
- Further work to understand the community's perception of the Port. Events like SeePort and sponsorships like the Ports of Auckland Round the Bays building more awareness of the Ports' activities and promoting a positive relationship with our community.

4.2.3

Grant Jorey**General Manager Operations –
Container Terminals**

Grant joined Ports of Auckland as General Manager Operations in June 2008. He is responsible for leading the operational achievement of the Company's container-handling division, made up of Customer Service, Operations Planning, Stevedoring, Engineering, SeaPACK Empty Depots and Inland Ports. Grant has a strong background in operations and logistics, having held executive positions in these fields in New Zealand and Australia.

Grant spends his free time with family and friends, sailing and enjoying some wine and cognac.

Outlook 2010/2011:

- A period of transition in which we will invest in additional labour capacity to enable us to provide our customers with more efficient crane and berth rates and to turn road carriers consistently faster.
- Work will also be undertaken with employees to dramatically and sustainably improve utilisation of labour.
- Significant expansion of the Empty Container Depot for our customers.
- Further improvement in safety to eliminate LTIs.



16:28

Friday 6 August 2010



4.2.4 —

Wayne Mills



General Manager Multi Cargo & Marine

Wayne became General Manager Multi Cargo & Marine in January 2007 following 10 years with the Company as Marine Services Manager and as a marine pilot. He is responsible for all operations outside of the Ports' container terminals, encompassing marine operations, the Multi Cargo wharves, cruise ship business and the Port of Onehunga. Wayne holds a degree in Economics, a Master Mariner licence to command and operate ships on worldwide trades and has worked at ports in the South Island prior to joining Ports of Auckland.

Wayne enjoys spending time with his family, travelling and fishing.

Outlook 2010/2011:

- A recovery in the number of cruise ship visiting Auckland.
- Continuing volatility in the vehicle trade with numbers expected to stay on a positive overall trend.
- A move to upgrade facilities for the improving vehicle trade and cruise industry.

4.2.5 —

Craig Sain



General Manager Sales, Marketing & Logistics

Craig joined Ports of Auckland as General Manager Sales, Marketing and Logistics in August 2007. He has had more than 25 years' experience in the shipping industry, including over 10 years at Maersk New Zealand Limited in a number of senior management positions, including Senior General Manager Oceania Trade Management where he was responsible for commercial policy and the vessel network for the Oceania region. Craig began his shipping career with the Shipping Corporation of New Zealand and has also held various roles overseas. At the Ports of Auckland, Craig is responsible for the commercial activities of the Ports' Container Terminals, Empty Depot, SeaPACK and Inland Ports/Logistics.

When he gets a chance, Craig likes to spend time with family and friends, cooking and enjoying a game of golf.

Outlook 2010/2011:

- Further improvement in delivering greater consistency, reliability and a higher level of service to our customers – both operationally and commercially.
- Volume growth but ongoing volatility in volumes through changing service patterns, larger vessels and bigger container exchanges.
- Ongoing development of our value-added services at Ports of Auckland and the Wiri Freight Hub.

4.2.6

Ben Chrystall**General Manager Port Infrastructure**

Ben became General Manager Port Infrastructure in 1998, having held various management roles since joining the Company in 1988. Ben is responsible for the land and wharf infrastructure, berth and channel access, port buildings and services infrastructure as well as off-port property. He has managed a number of major projects during his 30-year career in the shipping and ports industry, including managing the development planning for the transition of the Company's commercial property interests at the Western Reclamation prior to the transfer of these landholdings in 2007, and the recent channel deepening and Fergusson Container Terminal reclamation expansion project.

Ben is very active and an outdoors person. He enjoys cycling, swimming and music.

Outlook 2010/2011:

- A number of major projects under way, including construction and lease of the Customs Examination facility, relocation of the SeaPACK facility and design and construction of Fergusson berth deepening.
- A dredging programme and commencement of Fergusson Stage Two reclamation construction.
- Major structural maintenance to Captain Cook Wharf.

16:58

Friday 6 August 2010



4.2.7 ———

Jon Baxter



Group Manager Human Resources

Jon joined Ports of Auckland in 1988, having held positions in human resources at New Zealand News Limited, the Auckland Harbour Board and New Zealand Refining Company Limited. He is responsible for providing advice and services that support the overall strategy and business plans of the Company, including organisational development, employee relations, employee development, change management and remuneration.

Jon takes part in the Waka Ama (outrigger canoe) sprint and long-distance paddling. He also enjoys snow sports and spending time with family and friends.

Outlook 2010/2011:

- Further development of leadership capabilities through the implementation of the COMPASS engagement/culture survey and COMPASS Culture Coach programmes.
- More initiatives to increase productivity in a sustainable way will be developed in conjunction with staff.
- Improvement in employee engagement.

4.2.8 ———

Pieter Bakker



General Manager Information Technology

Pieter joined Ports of Auckland as Group Manager Information Technology in October 2007 and was appointed General Manager Information Technology at the end of 2008. Pieter heads the Company's extensive IT department, which supports and delivers IT solutions and business process improvements, as well as governance services to projects, across the business. He has over 24 years of IT experience, having progressed with leading New Zealand corporates such as ZESPRI International, Air New Zealand, Sovereign and ASB. Through such positions, Pieter has developed knowledge and experience in leading technology strategy development, as well as technology solutions delivery, and managing large teams of up to 80 staff.

Pieter is a family man and likes to combine leisure pursuits with family time. He is also passionate about boating and cars.

Outlook 2010/2011:

- Delivery of the first phase of the new Terminal Management System.
- Delivery of Wireless and Telephony replacement projects.
- Completion of our Business Intelligence (BI) strategy and the commencement of the first tranche on the BI roadmap.

4.2.9

Jim Harknett

Chief Risk Officer

Jim was appointed Chief Risk Officer in July 2007. He was Company Secretary from 1999 to 2007 and, prior to that, was Manager Internal Audit having joined the Company in 1988. Jim's main responsibility is to promote risk management as a core capability across the organisation through strategic risk management, contracts and insurance, business continuity and assurance. He leads the Company's response to the risks and opportunities posed by climate change.

Jim enjoys helping and following his family in their activities, eating out, movies and BBQs. He is also getting back to cycling and exercise.

Outlook 2010/2011:

- A crisis/business continuity management exercise implemented.
- Continued well-rounded risk management input for key decisions.

- Further development of our environmental management systems.
- Further communication of risk issues with our community.

D

Jamie McGregor Supervisor, Marine Services

Jamie has been operating tugboats at the Port since 1996 and fulfils daily duties as a tug master/engineer. He enjoys the opportunity to operate some incredible machines and the ever changing scenery that a water-borne job brings. Today, he is working the Waipapa, one of the Ports' 'Z' tugs to manoeuvre a large roll-on-roll-off vessel into its berth.

17:23

Friday 6 August 2010



D

A culture of care

People are our most important asset. It is through the dedication and hard work of our staff that trade flows efficiently through the Port every day.

Ports of Auckland is a 24-hours-a-day, all-weather, year-round operation, which works with heavy machinery and floating plant. This mix presents a high-risk work environment.

Over 80% of our 573 FTE (full-time equivalent) employees work in Container Terminal operations and its supporting engineering, marine and transport departments. We also have a highly competent corporate group comprising finance staff, IT specialists and other employees.

Changing industry requirements and customer needs have required us to adapt the way we operate. In July 2009 we consolidated our container operations with a single stevedoring workforce now based at the Fergusson Container Terminal. This has helped us utilise our resources of labour, land and equipment more efficiently.

Many of our employees have been at the Port for much of their career – about 44% of our staff having worked for the Company for over 11 years. It is their experience and industry knowledge that will ensure we achieve our vision of being Australasia's best port company.

An initiative that has worked very well in drawing from the experience of our staff is the TRACC programme. This is a series of do-it-yourself toolkits that enables organisations to achieve world class standards. The introduction of TRACC has encouraged a culture of questioning processes and finding new and better ways to do things.

We are committed to looking after our employees and ensuring business is conducted safely. All permanent staff enjoy benefits such as family coverage by Southern Cross medical insurance, tailored

superannuation arrangements, a confidential employee assistance programme and family-based sports and social activities. A staff gym is also available at the main Ports of Auckland Building.

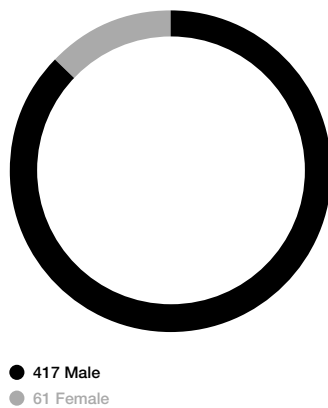
We have also made progress towards the target of reducing the number of LTIs by at least 50% each year. The 7 LTIs this year represents a 65% reduction to the number recorded in 2009. This included seven LTI-free months.

Hazard analysis training was conducted across the organisation this year. The interactive sessions have been very successful with 123 staff now trained to identify hazards in a timely manner. Part of building awareness of health and safety risks is to build a culture of health and safety. Our Company Values therefore play a very important role in this regard.

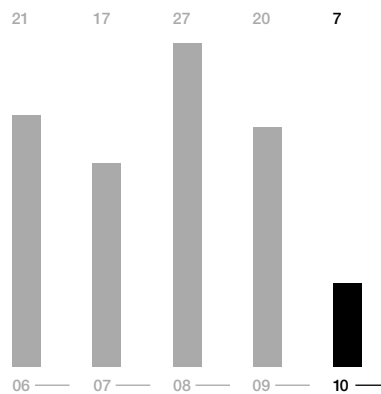
The annual Accident Compensation Corporation (ACC) audit was held in June 2010 and we are pleased to have maintained the tertiary level for the fifth consecutive year. This is the highest level and indicates a well-established, continuous improvement framework.

The COMPASS Values programme reinforces our goals and provides a support for our strategies. We launched the staff engagement survey in August 2010.

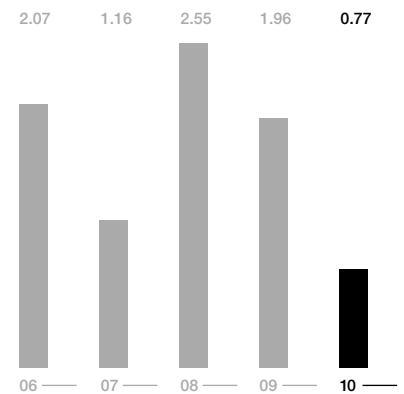
1 Staff Gender Balance*



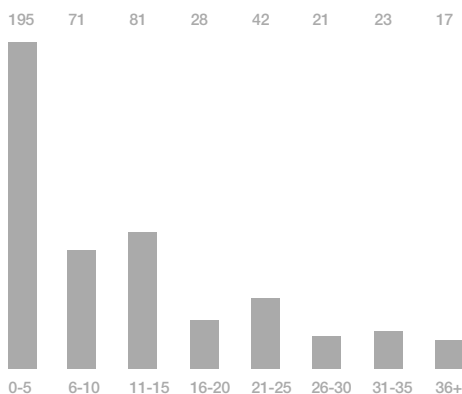
2 Lost Time Injuries (LTIs)



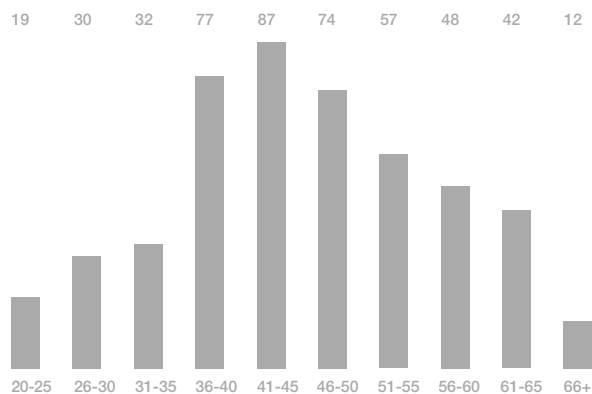
3 LTI Frequency Rate**



4 Staff Years of Service*



5 Staff Age Profile*



* The FTE staff figure is based on hours worked by all employees of Ports of Auckland, including casuals. Figures in the age profile, gender balance and years of service graphs represent the number of individual full and part-time staff employed by the Company.

** Ports of Auckland's LTI Frequency Rate is calculated by multiplying the number of LTIs with 100,000 hours and dividing this with the number of paid staff hours. The figure 100,000 hours is reflective of a person's time spent at work during their lifetime.

Forming stronger links

Being a part of the Auckland community and a good neighbour is important to us.

The 2009/10 financial year saw continued strong engagement with the community. The first year of a three-year sponsorship of the Ports of Auckland Round the Bays fun run brought over 70,000 Aucklanders, including employees and their families, right past the Waitemata seaport.

The Community Reference Group, comprising around 30 representatives from stakeholder groups and organisations, continued to meet every quarter. These meetings help us gather feedback and provide updates regarding issues of interest to the community.

Rapport, our quarterly community newsletter published in three Auckland suburban newspapers, helps keep the community abreast of Port activities.

Ports of Auckland further strengthened its ties with Te Papapa and Wiri Central schools – the two schools it partnered with in the last

financial year as part of the Committee for Auckland's Schools and Business programme.

Ports of Auckland's free community tours of the Port by chartered ferry have become an Auckland institution. In the 2009/10 year, these weekly tours gave a total of 4853 Aucklanders the chance to see the Port at work from a close but safe vantage point.

On our 'staff and family' tours, staff members' children are stars for a day when they take the tour with their parents and invite their classmates to join them as special guests.

In October 2009, the tour day was switched from Wednesday to Tuesday giving our guests the best opportunity to see the larger container ships being worked by cranes and straddles at the Fergusson Container Terminal.

Following its sale, the historic Queens Wharf was officially handed over to the Government

and ARC in April 2010 for redevelopment into an international cruise terminal and 'Fan Zone' for the 2011 Rugby World Cup. This has enabled greater public access to the CBD waterfront.

As noted in the 2008/09 review, the annual open-day-style event – SeePort – was reintroduced and the programme for the Auckland City Heritage Festival refreshed.

The 2010/11 financial year will see Ports of Auckland further building on existing partnerships and initiatives. Additionally we will be promoting a plan to address community concerns about the look (visual amenity) of the Port in the build up to the 2011 Rugby World Cup.

Ports of Auckland continues to survey the community's view of the Port. The July 2010 survey noted that the overall impression of Ports of Auckland remains stable with the majority of Aucklanders having a mostly neutral view of the Port.

E

Clayton Kaye

Clayton has worked at the Port as a stevedore for five years and enjoys the variety of work the Port offers. He is a trained lasher and straddle driver and would like up-skill to operating cranes. Today he sits three-storeys high in the cabin of a straddle, on his way to pick up containers to be loaded on a ship.

18:32
Friday 6 August 2010



Helping make a world of difference

Ports of Auckland is committed to operating sustainably, which is why we are constantly working to improve our environmental practices.

Operating sustainably is not separate from who we are as an organisation and so, this year, the Annual Review works as an umbrella document incorporating our sustainability reporting.

Energy Use:

Transport: The majority of the Ports' emissions are directly related to our use of diesel and electricity. Ports of Auckland's Waitemata seaport operations recorded a reduction in the amount of electricity used, down by 4.3%. Diesel used by Port operations reduced by 2.3% and diesel used by Port services (Marine), was down considerably by 20%. This reduction is credited to smarter use of equipment but also a reduction in the number of ship calls.

The number of containers transported by road reduced marginally by 1.5% while the number of containers moved after-hours decreased by 1% of those moves.

Carbon Footprint: In the 2007 and 2008 calendar years the Company audited its greenhouse gas emissions and carbon footprint. This provided us with a framework to carry out our own measurements and audits in these areas. The estimated total emissions for calendar year 2009 was 22,200 tonnes of CO₂e (CO₂e, a composite measurement of six gases listed in the Kyoto Protocol).

Waste Management:

Ports of Auckland has a reusing and recycling policy and recycles all paper, cans, plastic and glass from its offices. Many of the operational and construction materials within the Port such as oil, scrap metals, dredgings and pavement are also regularly recycled. In 2009/10, 0.8 hectares of pavement was recycled in construction work across the Port.

There was no dredging done in the Waitemata seaport in 2009/10.

Environmental Management:

Community Feedback: Ports of Auckland's public feedback helpline is managed 24 hours a day, 7 days a week, by a Port employee. Complaints are handled in a timely fashion and are analysed so as to help us identify issues and examine trends. Noise from Port activities and trucks were the main issues raised by our community. These issues were also discussed with our community stakeholders in quarterly Community Reference Group meetings.

As a result of our feedback process, we have reduced port noise by changing crane sirens to short range sirens and reducing usage of horns in our empty container depot. We have also studied ship noise and are investigating best practicable options for mitigation.

Stormwater: We received a 35-year Industrial or Trade Process Consent (ITPC), to discharge stormwater run-off into the harbour. As a consequence, new processes and procedures are being put in place to minimise the risk of spills on Port property being discharged through the stormwater drains into the harbour.

Emergency Marine Spill Response: Ports of Auckland works closely with the ARC Harbourmaster's team to identify and clean up any hazardous spills made by commercial shipping operations into the marine environment.

In 2009/10, two minor harbour spills were caused by vessels operating at the Ports.

19:05
Friday 6 August 2010



5.2
Environment

Reducing, Reusing and Recycling Indicator	FY 2007/08	FY 2008/09	FY 2009/10
Electricity used by Port operations (kWh)	27,368,446	23,010,339	22,008,445
Electricity used by Port operations (kWh) per TEU*	32.54	27.28	25.71
Diesel used by Port operations (litres) [†]	3,413,842	3,397,390	3,319,269
Diesel used by Port operations (litres) per TEU* [†]	4.06	4.03	3.83
Diesel used by Port services – Marine (litres)	709,041	684,530	561,002
Water used by Port operations (cu m)	89,440	77,929	74,825
Water used by Port operations (cu m) per TEU*	0.11	0.09	0.08
Total dredgings used as environmentally friendly fill, including mudcrete (cu m)	40,000	30,000	0
Total pavement recycled for reuse at the port (ha)	1.8	0.7	0.8

Energy used measurements refer to the Waitemata seaport only.

* TEU refers to 20-foot equivalent containers.

[†] The 2008/09 figure for Diesel used by Port operations (litres) has been restated as the introduction of a new fuel management system in 2009 has provided a more accurate analysis of fuel consumption at the Port.

Transport Indicator	FY 2007/08	FY 2008/09	FY 2009/10
Total containers moved by truck (TEU)	600,476	602,667	593,113
Containers trucked off peak (TEU)	246,631	232,188	224,068
Containers trucked off peak as % of total containers moved by truck (TEU) [‡]	41	39	38
Total containers moved by rail (TEU)	83,639	69,017	90,249
Rail moves as % of total land-side moves to/from the Port	12	10	13

Container volumes refer to the Waitemata seaport only.

[‡] Off peak refers to 19:00 – 07:00 weekdays and all day on weekends.

Spills Indicator	FY 2007/08	FY 2008/09	FY 2009/10
Environmental spills	4	4	2

Complaints Indicator	FY 2007/08	FY 2008/09	FY 2009/10
Noise and other complaints	29	55	99

Note — Environmental measurements are currently made at the Waitemata seaport only.

Ports of Auckland welcomes your feedback and comments on our 2009/10 Annual Review.

Please fax to +64 9 367 5455
or return via prepaid postage.

1 _____

How do you rate our Annual Review?

Presentation _____ Excellent — Good — Poor

Comprehensiveness _____ Excellent — Good — Poor

Clarity of information _____ Excellent — Good — Poor

Clarity of figures/tables _____ Excellent — Good — Poor

Credibility _____ Excellent — Good — Poor

Comments

2 _____

Which section appealed to you most and why?

3 _____

Your main interest in the report is as a

Customer _____ Contractor/Supplier — Transport company _____ Business person — Employee

Port operator — Importer/Exporter — Government stakeholder — Local resident — Shipping line/company

Student _____ Member of an environmental group

4 _____

Did you access the review via the website?

5 _____

Do you have any additional comments (e.g. information you would like to see included in the next review)?

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FreePost Authority Annual Review

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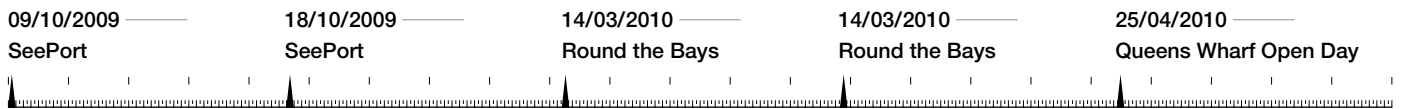
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FOLD HERE

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Ports of Auckland Annual and Half-Year reviews can be accessed online on our website

www.poal.co.nz/news_media/publications.htm

Hard copies are available on request from:

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or email info@poal.co.nz

GRI Content Index and list of stakeholder groups are available on our website

www.poal.co.nz/news_media/publications.htm

A sustainable report

Online version

This report has been created primarily for the web with a printed version produced in limited numbers in a bid to save both costs and the environment. The financial statements are only available online.

Environmentally friendly stock

This report is printed on Alpine Gloss, an environmentally responsible paper manufactured by Gold East Paper using an Elemental Chlorine Free (ECF) process. Alpine Gloss is manufactured under the environmental management system ISO 1400 and made up of PEFC fibre and virgin fibre from tree farms. The ink used in the production of this report is 100% vegetable based, mineral oil free and manufactured from 100% renewable resources.

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